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STATE PLEASE PASS TO USTR KATE DUCKWORTH
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SUBJECT: CODEL MEEKS HIGHLIGHTS IMPORTANCE OF U.S.-CHILE FTA WITH
DG CARLOS FURCHE

11. (SBU) SUMMARY: Representatives Meeks, Ryan, and Hinojosa underlined the success of the U.S. - Chile Free Trade Agreement to Chile's de facto trade minister. DG Furche echoed their assessment, noting the positive impact of the FTA on Chile. He cited many signs of the benefits of free trade to both countries, including growth of almost 300% in exports to and imports from Chile. The Congressmen urged Chile to spread the message about its successful economic and democratic model throughout the region. They also encouraged Chile to highlight support for the Colombia FTA. Furche explained Chile had been vocal about its support for the Colombia FTA and would continue to be so. Furche also noted Chile's top multilateral priorities: the Pathways for Prosperity and the Trans-Pacific Partnership. Representative Meeks said the Congress was considering the creation of a Latin America Caucus. Furche said Chilean officials would be delighted to work with the proposed Caucus. END SUMMARY.

12. (U) Representative Gregory Meeks(D-NY), Representative Paul Ryan(R-WI), Representative Ruben Hinojosa(D-TX), Ambassador, Ms. Sophia King, CAPT Joe McClain, Econoff, and Poloff met December 16 with DIRECON Director General Carlos Furche, Head of Market Access Division Paulina Nazal, and Head of North America Division Sandra Ramos. Furche serves as Chile's de facto trade minister, although he is technically under MFA purview.

U.S. - Chile FTA a Model to the Region

13. (SBU) Representative Meeks explained the U.S. and Chile shared the view that their FTA is a success. Both countries had netted positive results because of the agreement, including the creation of many jobs. Meeks noted all three members of the delegation had voted for every major FTA in the last 10 years, including with Chile. He predicted the Obama Administration's view of the importance of trade would continue to complement Chile's perspective. Meeks called for better enforcement of Intellectual Property Rights (IPR) protections. In every other area of the FTA both countries could demonstrate impressive gains. Meeks said the FTA could serve as a model to the region.

14. (SBU) Representative Ryan similarly cited the FTA as a model of success that should be replicated across the continent. He also emphasized the importance of respecting IPR. He asked about the access of Class III dairy products to the Chilean market and noted he had heard about the existence of non-tariff barriers. Ryan hoped to replicate the success of resolving access for U.S. beef products with cheese products. Paulina Nazal responded she was unaware of a problem, as the topic had not been raised during the recent Free

Trade Commission, December 12. She promised to look into the issue.

15. (SBU) Representative Hinojosa noted Chile was an attractive trading partner. He was impressed with Chile's investment in education, which he predicted would yield "a 3-fold return." The U.S. was considering a major initiative to invest in infrastructure across the country. Hinojosa thought this might benefit Chile, especially in terms of copper exports.

16. (SBU) DG Furche agreed the FTA had a significant positive impact on Chile. The volume of trade in both directions had increased by almost 300%. The U.S. was likely to enjoy a trade surplus with Chile in 2008. In fact, all indicators pointed to a successful agreement. The number of enterprises involved in trade, the number of products traded, and their volume and value were all increasing. Furche noted Chile had just hosted the Fifth Free Trade Commission in Santiago, December 12. He said there were no major issues concerning implementation of the FTA, although there were always improvements that could be made. The U.S. and Chile had even begun to accelerate tariff elimination for certain products.

Chile Can Encourage Approval of Colombia FTA

17. (SBU) Representative Meeks said he was a proponent of the U.S. - Colombia FTA pending before Congress and was cautiously optimistic it could be passed. However, it was critical to have the input of other Latin American countries. He hoped members of Congress would also visit Colombia to see for themselves how violence was down and efforts to reduce poverty were succeeding. Although there was still a lot to be done, such as on environment and indigenous peoples issues, Colombia had made significant progress. Meeks had

encouraged heads of state in the hemisphere to communicate with President-Elect Obama about the importance of the FTA to the region. Meeks urged Furche to pass this message to President Bachelet.

18. (SBU) Furche assured Meeks the GOC (at all levels, including President Bachelet) had and would continue to express Chile's support for the Colombia FTA. Representative Ryan asked how Chile and public opinion would react if the Colombia FTA did not pass. Furche thought it would send a negative signal to the region. There was a split in the hemisphere between countries that espoused the democratic and open-market economy model (e.g., Brazil, Chile, Colombia, and Peru) and those that had turned away from that model (e.g., Argentina, Bolivia, Ecuador, and Venezuela). The position of the latter group could only be reinforced if the U.S. Congress failed to approve the Colombia FTA. Public perception of U.S. interest in the region would also suffer.

19. (SBU) Representative Hinojosa called for more awareness on issues related to indigenous peoples and poverty. It was a key issue that could affect voting on the Colombia FTA. Furche responded by noting poverty in Chile had been cut from 42% in 1990 to 13% in 2007, due in no small part to the U.S.-Chile FTA. He believed this was the most successful example of poverty reduction in Latin America. Representative Meeks said Chile could encourage passage of the Colombia FTA by making this kind of argument to members of the U.S. Congress and throughout the region.

Further U.S.-Chile Links

110. (SBU) DG Furche said Chile would focus on two multilateral trade priorities in 2009, the Pathways to Prosperity and the recently expanded Trans-Pacific Partnership (P-4). Chile had participated in the Pathways Ministerial in Panama December 10. The GOC had agreed to lead one of the working groups in the Pathways initiative. Chile is also working to expand the P-4 to include Australia, the U.S., and Vietnam when negotiations begin in March 2009. If the U.S. and Chile could build on their successful FTA in the P-4, it could one day result in an Asia-Pacific regional FTA.

111. (SBU) Representative Meeks noted the Congress was considering the formation of a Caucus on Latin America to deepen links with and further discussion about issues in the region. Furche welcomed the development, explaining Chile and other countries in Latin America

had high hopes for the Obama Administration and the new Congress. He said GOC officials would be delighted to work with the Caucus to demonstrate the strong ties between Chile and the U.S.

SIMONS